

Ivy Pointe Status

BACKGROUND

- In September of 2005 the Clermont County Board of County Commissioners was approached by Union Township and Cincinnati United Contractors (CUC) to assist in acquiring property for a proposed new headquarters for TQL, a local, rapidly expanding transportation logistics company. Negotiations were initiated with two property owners ultimately leading to the acquisition of the 100 acres that is now Ivy Pointe.
- TQL, which was located within Park 50 approached CUC about building a headquarters building for TQL in Butler County because they had outgrown their existing Clermont County facility. CUC introduced the idea that TQL consider what is now Ivy Pointe.
- The Board of County Commissioners was at the time considering investment of funds to begin to acquire undeveloped land and potentially utilize Tax Increment Financing (TIF) in order to provide initial infrastructure required to entice developers and/or end users with reasonably priced “site ready” land for development. The Property Advisors’ report prepared for the Clermont County Community Improvement Corporation (CIC) identified Ivy Pointe as the highest ranked site within the county for an office park.
- Neither Union Township nor the private sector was able to successfully negotiate the necessary assembly of land and provide the needed infrastructure improvements.
- Significant conceptual work had been undertaken by the Township prior to the BCC entering the picture, including discussions about a Joint Economic Development District, use of tax increment financing, and Union Township’s willingness to provide improved ROW back to the county.

BASIS TO PROCEED

- Preparing “Shovel Ready” sites identified as a priority of the economic development program.
- Highest rated site for office park in the county by Property Advisors study.
- Opportunity to retain/add 700+ jobs in Clermont County.
- Minimize risk to any county funds

- Commissioners decide to pursue all 100 acres independent of CUC involvement
- Cooperation of experienced developer
- Cooperation of Union Township

LAND PURCHASE

- County Commissioners agreed to negotiate and assemble the land necessary.
- County Commissioners agreed to use fund balance in lieu of issuing debt to fund the land acquisition.
- County Administrator began negotiations on behalf of the County to acquire multiple parcels from Duane and Norma Ferguson, The Scottish Rite, and Donald and Deborah Smith. With the exception of the Smith parcel, which included a residence, it was all vacant land.
- Entered into an agreement for purchase of 30 acre parcel with the “Scottish Rite” 10/26/05. Closed on the property 1/25/06 for \$2,370,000.
- Entered into an agreement for purchase of 0.57 acre parcel with the Smiths 12/15/06. Closed on the property 1/27/06 for \$180,000.
- Entered into an agreement for purchase of .64 acre parcel with Duane Ferguson 10/14/05. Closed on the property 2/16/06 for \$75,000.
- Entered into an agreement for purchase of 68.53 acres included in multiple parcels from Duane and Norma Ferguson on 10/19/05. Closed on property 6/15/06 for \$5,482,400

LAND SALE

- Use CIC as land transaction vehicle. ORC Section 1724.10(B) specifically provides for a CIC to sell or lease property owned by the county for the purposes of stabilizing the economy, providing employment, and assisting in the development of industrial, commercial, distribution, and research activities. Prior to the closing on the properties a sales agreement was executed between the CIC and a limited liability company that eliminated the risk to the county in the transaction. The agreement:
 - Guarantees that property will be acquired in at least a 10 year horizon by requiring a minimum of 10 acres to be acquired per year.
 - Total cost of transaction to be included in purchase price, including CAUV recoupment, closing costs, tax proration, etc. This ensures that the county /CIC is not responsible for additional land transaction costs.
 - Carrying cost to include foregone interest from investment based upon annual average of 10 year Treasury bonds plus 50 basis points to be billed to future purchaser annually. This is necessary for the county to capture the interest it otherwise would have received if the cash to purchase the property would have remained in the county fund balance and continued to be invested.
 - All carrying cost to be billed to future purchaser annually.

- Total purchase agreement also guaranteed personally by Chuck Kubicki. If the LLC defaulted on the agreement there was an additional guarantee provided.
- Basis of Land Sale Agreement
 - If the development does not occur as anticipated the LLC is required to acquire the property over time but also pay all carrying costs accruing to the county while the land is held.
 - The property is transferred to the CIC by the Board of County Commissioners. Proceeds from the sale of the property are required to be returned to the Board of County Commissioners.
 - An indexed interest rate is charged as part of the holding costs to replace investment earnings that otherwise would have been gained by the county. The index selected has historically been at or above the rate the county earns on its investments, plus an additional 50 basis points is added to the indexed rate.
 - Chuck Kubicki provides a personal guarantee to provide an additional layer of protection to the county should the LLC default on the agreement.
 - CUC agrees to prepare the entire site for development including grading, road improvements, storm drainage, water, sewer, and other utilities at no cost to the county, anticipating that CUC will recoup the investment at the time they sell the property for development purposes.

STATUS OF PROJECT AS of 9/2008

Status of Original purchase by BCC

- Total original purchase by county \$8,408,879 (includes CAUV)
- Reimbursed to county to date- \$3,109,200.

Taxes

- Union Township has placed the area in a TIF district to pay for some of the site improvements and provide other revenues to the Township for improvements here and elsewhere in the area. As a result, the increase in property taxes accrues to the Township in the form of service payments.
- CAUV recoupment is not included in the TIF payments and accrues to all taxing authorities
 - Prior annual tax \$7,607
 - CAUV Recoupment brought \$275,000 to taxing jurisdictions
 - Annual additional taxes of \$111,777 to all taxing jurisdictions

Interest Payments

YEAR	Interest rate %	Paid
2006	4.86	\$34,518
2007	5.32	\$351,867
2008	4.88	\$317.651

Public Infrastructure Improvements

- Completion of Ivy Pointe Blvd. (fka Ferguson Drive) including light at Clough Pike by CUC
- Completion of utility infrastructure for entire Ivy Pointe Commerce Park by CUC
- Partial cost of reconstruction of old Ferguson Drive

Site Development

- Completion of grading of site by CUC

Office Construction

- 100,000 sq. ft. TQL Headquarters – 700 employees
- 100,000 sq. ft. Sencorp Headquarters under construction – 200 employees